Filed: December 9, 2002 Serial No.: SYSTEM AND METHOD FOR IMPLEMENTING A MORTGAGE PLAN Page 1 of 4 1/4 I. ORIGINATION FIG. 1A APPLICATION: BORROWER ORIGINATOR UNDERWRITING ANALYSIS -INCOME VERIFICATION -CREDIT HISTORY -OTHER ASSETS -DOWN PAYMENT ACCEPT **INVESTORS:** REJECT PRICING/TERMS -MONTHLY PAYMENT **CLOSING** -AMORTIZATION PERIOD -CAPPED MAXIMUM RETURN -EARLY SALE CONDITIONS **INVESTOR - BORROWER: MORTGAGE PRINCIPAL \$ BORROWER - INVESTOR:** MORTGAGE LOAN AGREEMENT **EQUITY PARTICIPATION CERTIFICATE BORROWER - SELLER: DOWN PAYMENT \$ MORTGAGE PRINCIPAL \$** SELLER - BORROWER TITLE II. AMORTIZATION PERIOD - MONTHS 1 THROUGH N PAYMENT(1)BORROWER→PERIODIC PRINCIPAL \$--SERVICER_ REPAYMENT -PROCESS -CALCULATE AVG AMORT. PERIOD PRINCIPAL (TOTAL MONTHLY PRINCIPAL OUTSTANDING +#MONTHS SINCE ORIGINATION) SALE: i. DETERMINE REALIZED APPRECIATION

- NET SALE PRICE PURCHASE PRICE)
- ii. CALCULATE MAXIMUM CAPPED ANNUAL RETURN (E.G., AVG. AMORT. PERIOD INDEX %+_
- iii. MULTIPLY (ii.) BY AVERAGE ANNUAL PRINCIPAL
- iv. DIVIDE PROCEEDS

(E.G., IF X = [NET SALES RICE - PURCHASE PRICE - (iii.)] >0, THEN BORROWER RETAINS X)

→FINAL PRINCIPAL PAYMENT \$→SERVICER___\$_INVESTOR

-PROCESS

-RECALCULATE AVG AMORTIZATION

PERIOD PRINCIPAL



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FIG. 1B

III. POST AMORTIZATION PERIOD

SALE:

- i. DETERMINE REALIZED APPRECIATION **NET SALE PRICE - PURCHASE PRICE)**
- ii. CALCULATE MAXIMUM CAPPED ANNUAL RETURN (E.G., AVG. AMORT. PERIOD INDEX %+___%)
- iii. MULTIPLY (ii.) BY AVERAGE ANNUAL PRINCIPAL
- iv. DIVIDE PROCEEDS

(E.G., IF X = [NET SALES RICE - PURCHASE PRICE - (iii.)] >0,

THEN BORROWER RETAINS X)

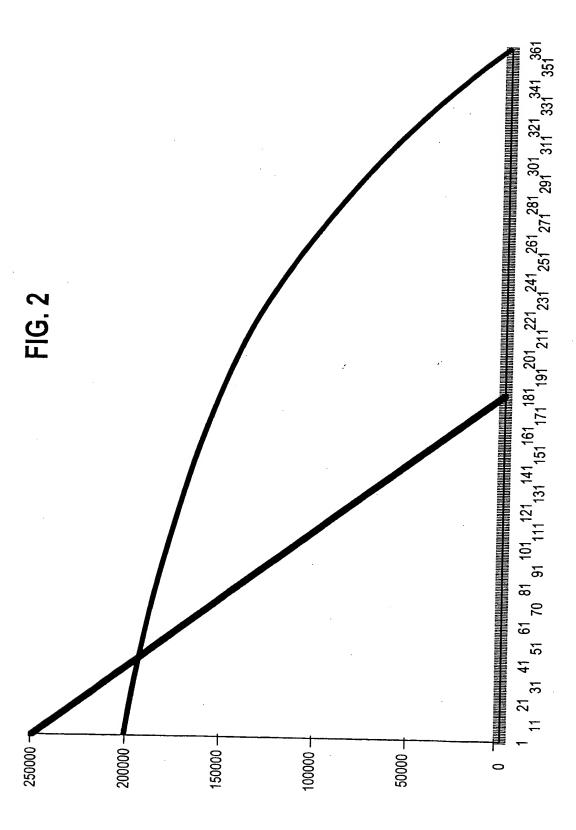


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